

***United States Court of Appeals
for the Second Circuit***



**BRIEF FOR
APPELLEE**

74-1767

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

Appeal No. 74-1767

SHATTUCK ET AL.,
Appellees,
v.

HOEGL ET AL.,
Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NEW YORK

BRIEF FOR APPELLEE

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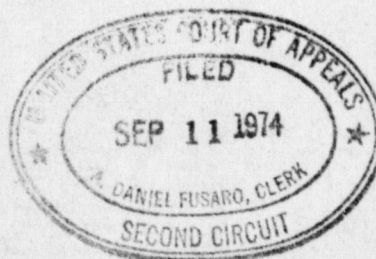


TABLE OF CONTENTS

	PAGE
I. STATEMENT OF THE ISSUES	1
II. PRELIMINARY COMMENT ON APPELLANTS' BRIEF ..	1
III. STATEMENT OF THE CASE	2
A. Background	2
B. The Proceedings Below	3
C. The Chronology Of The Patent Applications Involved And The Declaration Of Interference	6
IV. ARGUMENT	8
A. The Scope Of Appellate Review	8
B. The Significance Of The Allegedly Privi- leged Documents	10
C. Comments Regarding Appellants' Brief	12
1. Fraud In Connection With The Filing Of A Preliminary Statement Is Ancillary To Priority	12
2. The District Court Did Not Overrule The Prior Patent Office Decision On Discovery	13
3. The Prior Weigl Work Was Not Useless And Abandoned	14
V. CONCLUSION	15
ADDENDUM	Add. 1



Table of Cases and Authorities

	PAGE
CASES:	
Baker v. F&F Investment, 470 F. 2d 778 (2nd Cir. 1972)	8
Benning v. Phelps, 249 F.2d. 47 (2nd Cir. 1957) ...	8
Borden Co. v. Sylk, 410 F.2d 843 (3rd Cir. 1969) ..	8
Brown v. Thompson, 430 F.2d 1214 (5th Cir. 1970)	9
Carter v. Baltimore & O. R. Co., 152 F.2d 129 (D.C. Cir. 1945)	9
In re Josephson, 218 F.2d 174 (1st Cir. 1954)	8
Langer v. Kaufman, 465 F.2d 915 (CCPA 1972) ..	12
Lund et al. v. Bentley, unreported dec., Board of Patent Interferences, April 24, 1974 (Reproduced in Addendum herein)	12
Norton v. Curtiss, 433 F.2d 779, (CCPA 1970)	12
Sher v. De Haven, 199 F.2d 777, (D.C. Cir. 1952) ..	9
Tiedman v. American Pigment Corp., 253 F.2d 803 (4th Cir. 1958)	8
STATUTES:	
Title 35 U.S.C. § 24	1, 3, 14

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BRIEF FOR APPELLEE

I. Statement Of The Issue

Whether the District Court, acting in an ancillary proceeding on a subpoena duces tecum under 35 U.S.C. § 24, abused its discretion in entering the appealed order of May 7, 1974 in which the witness Dr. John W. Weigl was directed, in connection with a Patent Office interference proceeding, to produce three allegedly privileged documents and to testify with respect thereto.

II. Preliminary Comment On Appellants' Brief

Much of the appellants' brief argues that the three allegedly privileged documents involved herein are irrelevant to the issues in this interference and inadmissible in evidence in the Patent Office, and that Shattuck et al. are not entitled to any discovery under 35 U.S.C. § 24 on the issue of fraud regardless of whether the documents are privileged or not.

But Judge Burke has already determined in a *previous, unappealed order* in this case, dated March 26, 1974, based upon an extensive showing by Shattuck et al., that the documents covered by the Weigl subpoena (including the allegedly privileged documents which are the subject of this appeal) "have a direct bearing on [Shattuck et al.'s] allegations of fraudulent misconduct on the part of Hoegl et al. in filing their Preliminary Statement. The alleged fraud is ancillary to priority of invention . . . [Shattuck et al.] are entitled to unrestricted access to sources of information bearing on the question of fraud." (Appendix pages A-28, A-29)

Accordingly, the sole issue with respect to Judge Burke's subsequent order of May 7, 1974, now on appeal, is whether Judge Burke abused his discretion in overruling Hoegl et al.'s objection to the production of, and testimony regarding, three of the documents covered by the Weigl subpoena on the grounds of attorney-client privilege. The challenged order was based upon an even further factual showing by Shattuck et al. of prima facie evidence of fraud on the part of Hoegl et al.

III. Statement Of The Case

A. Background

This is an appeal by Hoegl et al. from an order dated May 7, 1974 by the Honorable Harold P. Burke, United States District Judge of the Western District of New York, directing one Dr. John W. Weigl to produce three documents alleged by Hoegl et al. to be attorney-client privileged and attorney work-product.

The proceedings below are ancillary to a patent interference (Interference No. 98,047)* which is presently pending in the United States Patent Office between Shat-

* Interference No. 98,047 was instituted by the Patent Office on August 16, 1972.

tuck et al. and Hoegl et al. The jurisdiction of the District Court is based on 35 U.S.C. § 24, pursuant to which statute Shattuck et al. caused a subpoena duces tecum to issue to Weigl from said court.

The real parties in interest, both here and in the Patent Office, are International Business Machines Corporation ("IBM"), assignee of Shattuck et al. U.S. patent No. 3,484,237, and Xerox Corporation ("Xerox") assignee of the Hoegl et al. application Serial No. 108,548, filed January 29, 1971, which is a continuation-in-part of Hoegl et al. application Serial No. 519,081, filed January 6, 1966. The witness Weigl is an employee of Xerox.

B. The Proceedings Below

Shattuck et al. initially sought discovery in the Patent Office on various issues relating to the interference. On December 20, 1973 the Patent Office denied much of the discovery sought by Shattuck et al., but with respect to the issue of possible fraud on the Board of Patent Interferences in connection with Hoegl et al.'s Preliminary Statement, the Patent Office acknowledged the relevancy of that issue to this interference by granting limited discovery thereon to Shattuck et al. (Appendix page A-238 last ¶). The Patent Office furthermore acknowledged Shattuck et al.'s right to call their own witnesses and to obtain further discovery since, as stated by the Patent Office, it "has no authority to order or force a person to testify in an interference proceeding." (Appendix pages A-238 last ¶ through A-239)*

Accordingly, Shattuck et al., by way of subpoena duces tecum under 35 U.S.C. § 24, sought to take the deposition of various witnesses including Weigl. The Xerox attorneys, however, instructed Weigl not to answer any substantive questions or to produce any of the documents covered by the Weigl subpoena.

* Appellant's brief, at page 4, omits this portion of the Patent Office decision in their quote.

Shattuck et al. thereupon applied to the District Court (Western District of New York) for an order compelling Weigl to produce said documents and to testify with respect thereto. Based upon an extensive showing by Shattuck et al., the court (J. Burke) on March 26, 1974 held, in part, (Appendix pages A-28, A-29):

"The documents and the testimony which the movants attempted to get through the deposition of Weigl have a direct bearing on the movants allegations of fraudulent misconduct on the part of Hoegl, et al. in filing their Preliminary Statement. The alleged fraud is ancillary to priority of invention. If fraud should be established it could be the basis for striking the Preliminary Statement. In that sense any testimony of Weigl relating to the subject of Shattuck et al.'s claim of fraud is relevant to the interference proceeding.

"The movants have a statutory right to the desired discovery through this court. This court has ancillary jurisdiction over discovery in the interference proceeding. This court should exercise that jurisdiction to complement patent office jurisdiction in search for the truth. Patent Office rules of admissibility of evidence do not govern discovery under the Federal Rules of Civil Procedure in an interference proceeding.

"There is no ground for objection that the documents or evidence sought in the discovery will be inadmissible at the trial, so long as the documents and testimony sought to be elicited appear to be reasonably calculated to lead to the discovery of evidence that would be admissible. The movants are entitled to unrestricted access to sources of information bearing on the question of fraud. Weigl is not a party to the interference proceeding. He has no standing to refuse to answer questions asked at the deposition on the ground that they are irrelevant to the interference proceeding." [Emphasis added.]

The deposition of the witness Weigl was resumed on April 5, 1974 pursuant to order of the Court, but three documents falling within the scope of the subpoena were withheld by the witness upon direction of counsel for Xerox as allegedly comprising attorney-client privileged communications and attorney work-product. (Appendix page A-10).

On April 23, 1974 Shattuck et al. moved to compel the witness Weigl to produce the withheld documents and the Court, after receiving a further showing by Shattuck et al. of prima facie evidence of fraud on the part of Hoegl et al., entered an order dated May 7, 1974 which directed the witness to produce the documents and to testify with respect thereto.* This order, from which the present appeal was taken, held, in part, (Appendix page A-242):

"Reference is here made to the order of this court dated March 26, 1974 compelling the witness Weigl to testify and to produce documents, including the documents now withheld, and holding in part, 'The movants are entitled to unrestricted access to sources of information bearing on the question of fraud. - - -' It is essential that Shattuck, et al. have access to the documents to be able to present the facts to the Patent Office regarding the issue of fraud.

"The objection of Xerox to the production of the documents on the ground of attorney-client privilege is over-ruled." [Emphasis added.]

Hoegl et al.'s notice of appeal from the order of May 7, 1974 was filed on May 14, 1974. No appeal was taken from the Court's previous order of March 26, 1974, nor was that order otherwise challenged by appellants.

* This further showing, as well as the applicable law thereto, is fully set forth in the Appendix at page A-9 et seq. [Item 4 of Appendix page A-1] and at page A-97 et seq. [Item 7 of Appendix page A-1] and need not be repeated herein. The Court's attention is respectfully directed to those pages of the Appendix.

C. The Chronology Of The Patent Applications Involved And The Declaration Of Interference

On January 6, 1966 Hoegl et al. filed their parent patent application Serial No. 519,081 relating to an electro-photo-graphic plate and process. The invention described and claimed therein was directed to a special type of "overcoat layer" which could be used with various *assertedly old*, prior art photoconductive compositions. One of the many assertedly old and "unuseable" (according to Hoegl et al.) photoconductive compositions referred to by Hoegl et al. was a PVK-TNF composition (ratio 1:1) which comes within the scope of this interference count. (Appendix pages A-167 through A-171).

On December 16, 1969 the Shattuck et al. United States Patent No. 3,484,237, which is involved in this interference, issued to IBM. The patent described and claimed a photoconductive composition which is now the subject matter of this interference, namely,

"An organic photoconductive composition comprising from about 0.49 to about 1.23 mols of 2,4,7-trinitro-9-fluorenone per monomeric unit of a polymerized vinyl-carbazole compound."

In April 1970 IBM commenced commercial production of IBM copier machines employing a specific photoconductive composition coming within the terms of claim 1 in the Shattuck patent.

On January 21, 1971, after learning of the issuance of the Shattuck patent (Appendix page A-35), and while the Hoegl et al. parent patent application was still pending in the Patent Office, Hoegl et al. filed a "continuation-in-part" application ("CIP application") in which their original parent application was radically altered. Instead of being directed to the special "overcoat layer," which had been the subject of the parent application, the CIP application was now directed to, and even claimed, the very same PVK-TNF composition (ratio 1:1) which Hoegl et al. had pre-

viously thought to be "unuseable in conventional imaging systems" and "undesirable" in regard to certain important properties. Thus, of all the innumerable photoconductive compositions which Hoegl et al. had originally disclosed in their parent application as being old and "unuseable," the CIP application was now *entirely* directed to just one photoconductive composition namely, a PVK-TNF composition (ratio 1:1) which was now described as "new" and "acceptable" (Appendix pages A-167 through A-171) and which, significantly, came within the scope of the claims of the Shattuck et al. patent.

The CIP application was accompanied by a declaration of inventorship (equivalent to an oath) in which Hoegl et al. declared that they believed themselves to be (i) the "original" and (ii) the "first" inventors of a PVK-TNF composition (ratio 1:1), as the law required them to do (Appendix page A-71 lines 1-10). The purpose of filing the CIP application was, of course, to provoke an interference with the Shattuck et al. patent on the grounds that the invention claimed therein was supposedly first made by Hoegl et al.

On November 7, 1972, after the declaration of the present interference between the Shattuck et al. patent and the Hoegl et al. CIP application, Hoegl et al. swore in their Preliminary Statement that *they* made the invention set forth in the present interference count, that is, the invention defined by claim 1 of the Shattuck et al. patent (Appendix page A-69).

IV. Argument

A. The Scope Of Appellate Review

The law is well settled that a discovery ruling is addressed to the discretion of the district court and the function of the reviewing court on appeal is to determine whether the district court abused its discretion in entering the challenged order. *Baker v. F&F Investment*, 470 F.2d 778, 781 (2nd Cir. 1972); *Benning v. Phelps*, 249 F.2d 47, 48 (2nd Cir. 1957); *Borden Co. v. Sylk*, 410 F.2d 843, 845 (3rd Cir. 1969).

It has been held in *In re Josephson*, 218 F.2d 174, 182 (1st Cir. 1954) that:

“when judicial action is taken in a discretionary matter, such action cannot be set aside by a reviewing court unless it has a *definite and firm conviction* that the court below committed a clear error of judgment in the conclusion it reached upon a weighing of the relevant facts.” [Emphasis added.]

It is also clear that the appellate court, in reviewing matters within the trial judge's discretion, should not substitute its judgment for that of the court below but should restrict itself to a determination as to whether the action taken was improvident and affected substantial rights. In *Tiedman v. American Pigment Corp.*, 253 F.2d 803 (4th Cir. 1958) the Court held (p. 808):

“It is, of course, true that a trial is not a sporting event, and discovery is founded upon the policy that the search for truth should be aided. . . . *An appellate court does not, however, decide whether it would, in the first instance, have permitted the discovery prayed for.*

“Granting or denying a request under rule 34 is a matter within the trial court's discretion, and it will be reversed only if the action taken was improvident and affected substantial rights. . . .” [Emphasis added.]

See also *Carter v. Baltimore & O.R. Co.*, 152 F.2d 129, 130 (D.C. Cir. 1945); *Brown v. Thompson*, 430 F.2d 1214, 1215-16 (5th Cir. 1970).

The appellate court should not disturb a decision addressed to the trial court's discretion even if it has some doubt as to the correctness of the decision. *Sher v. De Haven*, 199 F.2d 777, 781 (D.C. Cir. 1952).

The principles stated above with respect to discovery rulings in general apply no less strictly where the discovery ruling relates to questions of privileged communications. The Court of Appeals for the Fifth Circuit held in *Brown v. Thompson*, *supra* (p. 1215-16):

"Government documents are the outstanding example of matter which is privileged and which is not subject to disclosure. 2B Barron & Holtzoff, Federal Practice and Procedure, p. 288, § 1003. It will expire upon the lapse of an unreasonable length of time. *Whether there should be a disclosure is within the discretion of the trial court and, like other discretionary matters, the determination of the court should be made by a balancing of interests.* The exercise of discretion, like other matters of discretion vested in trial courts, will be considered upon review for an abuse of discretion. It is the unusual and exceptional case where the determination of the trial court is set aside. *Swanner v. United States*, 5th Cir. 1969, 406 F.2d 716; *Adams v. United States*, 5th Cir. 1958, 260 F.2d 467, *cert. den.*, 359 U.S. 934, 79 S.Ct. 649, 3 L.Ed.2d 635 (1959). *The judges of the Court of Appeals might well feel that under like circumstances they would have exercised the judicial discretion in a manner different from that in which it was exercised by the trial court. But, this is not a basis for reversing the determination of the trial court.* The test is whether there has been an abuse of that discretion and in this case we hold that there was no such abuse. [Emphasis added.]

Thus, the reviewing court is faced with the same question whether the discovery ruling involved a claim of privilege or not: that is, did the trial court abuse its discretion in entering the challenged order. The present appeal, therefore, must be resolved upon a consideration of the relevant and material facts upon which the trial court based its order. As shown herein, the order of May 7, 1974 was entirely proper and certainly did not constitute an abuse of discretion.

B. The Significance Of The Allegedly Privileged Documents

Appellants' Brief does not dispute the fact that when the Xerox attorneys caused Hoegl et al. (i) to file their Preliminary Statement in this interference wherein they swore that *they* were the inventors of the subject matter of this interference (Appendix page A-69, ¶ 1), and (ii) to file their Declaration (equivalent to an oath) in connection with their patent application involved in this interference wherein they declared themselves to be the *first and original* inventors of that subject matter (Appendix pages A-103, lines 1-10; A-102, claim 1), *the attorneys for Xerox were aware of extremely pertinent prior art work carried out by Weigl's technical group at Xerox, which work constituted a direct contradiction to their asserted inventorship of Hoegl et al.*

Appellants' only excuse for not bringing such highly pertinent prior art to the attention of the Patent Office (as they were required by law to do),* and their only excuse for permitting Hoegl et al. to file their apparently inaccurate Preliminary Statement Oath and Patent Application Declaration, is that the Xerox attorneys made their own independent legal conclusion that the Weigl work was abandoned.

As the facts of this case show, however, the Xerox attorneys obviously initially concluded, just prior to the declaration of this interference, that the earlier Weigl work

* See Appendix pages A-22-3; A-100.

should be used to provoke an interference with the Shattuck et al. patent, and they even prepared draft patent applications on Weigl's work. But when they learned that any patent application based on Weigl's work would be statutorily barred by the previously issued foreign IBM (Shattuck et al.) patents, they apparently then improperly attributed the invention to Hoegl et al. because that was the only way that Xerox could then challenge the Shattuck et al. patent.*

The three allegedly privileged documents involved in this appeal relate directly to the admittedly prior art Weigl work (Appendix page A-10). For example, one of the documents sought is an Invention Record written by a member of Weigl's research group (Mammino) and addressed to Weigl. Neither Weigl nor Mammino are lawyers (Appendix page A-17).

The production of, and testimony concerning, these documents are, therefore, critical in this interference. They are needed to bring to the attention of the Patent Office the reasons and the facts as to why the pertinent prior art work of Weigl was not initially brought to the attention of the Patent Office as required by the law** and why the attorneys for Xerox, although they thought enough of the earlier Weigl work to prepare a draft patent application thereon, they nevertheless caused Hoegl et al. to file their apparently incorrect Preliminary Statement Oath and Patent Application Declaration. There is no way that such facts and reasons, and the state of mind of Xerox attorneys, can be ascertained and brought to the attention of the Patent Office, except by the production of, and testimony regarding, the allegedly privileged documents involved herein. Why did Xerox not file a patent application on the work done by Weigl's group after Xerox had prepared two draft applications thereon? Was it because IBM's foreign patents constituted a statutory bar to obtaining a patent on

* Appendix at page A-97 et seq. [See Item 7 on Appendix page A-1]

** Appendix at pages A-22, A-23, A-100.

the work of Weigl's group? What was the state of mind of Xerox at the time the decision was made to "go with Hoegl et al" and not Weigl and the reasons why this decision was made? As stated in *Norton v. Curtiss*, 433 F.2d 779, 795 (CCPA 1970):

"The state of mind of the one making the representations is probably the most important of the elements to be considered in determining the existence of 'fraud'. . . ."

C. Comments Regarding Appellants' Brief

1. *Fraud In Connection With The Filing Of A Preliminary Statement Is Ancillary To Priority*

Appellants incorrectly contend, beginning on page 15 of their brief, that appellees' allegations of fraud cannot be used in an interference proceeding as a basis for awarding priority. Appellants discuss and cite irrelevant cases relating to prior inventorship and third-party inventorship.

Shattuck et al.'s allegation of fraud, however, *does not* relate to prior inventorship or third-party inventorship, but instead relates to the improper filing of a sworn Preliminary Statement with the Interference Board. The issue of fraud in connection with the filing of a Preliminary Statement is clearly ancillary to priority.

Judge Burke, in his unappealed prior decision of March 26, 1974, held that such fraud "is ancillary to priority of invention" (Appendix page A-28).

The commission of fraud is clearly ancillary to priority and can form the basis for awarding priority. *Langer v. Kaufman*, 465 F.2d 915, 920-1 (CCPA 1972).

A recent unpublished decision of *Lund et al. v. Bentley*, Board of Patent Interferences, April 24, 1974, a copy of which is reproduced in the ADDENDUM annexed hereto, is particularly relevant to the facts of this case. In the *Lund*

et al. case fraud was specifically found in connection with a sworn statement (affidavit) filed with the Board of Patent Interferences, and priority was therefore awarded to the other party:

“Accordingly, because of this false and misleading conduct on the part of the party Lund *et al.* in this interference, priority of invention is awarded to Floyd E. Bentley, the senior party.” (Addendum page 19).

The Preliminary Statement filed by Hoegl *et al.* is an affidavit or oath filed before the Board of Patent Interference and is no different from the affidavit or oath filed by Lund *et al.* before the Board of Patent Interferences in reply to the order to show cause. They are both ancillary to priority and fraud committed with respect thereto is without question a basis for awarding priority.

2. *The District Court Did Not Overrule The Prior Patent Office Decision On Discovery*

In the prior unappealed decision of Judge Burke dated March 26, 1974, Judge Burke specifically pointed out that he was not in any way overruling the decision of the Patent Office, but instead was complementing and aiding the Patent Office in connection with this interference proceeding (Appendix page A-28):

“The movants have a statutory right to the desired discovery through this court. This court has ancillary jurisdiction over discovery in the interference proceeding. This court should exercise that jurisdiction to complement patent office jurisdiction in search for the truth. . . .”

Moreover, the Patent Office in its decision on Shattuck *et al.*'s initial request for discovery noted that it had no authority to order or force a person to testify in an interference proceeding. It then stated that “Shattuck *et al.*

can, however, call the persons involved as their own witnesses, which is apparently what they intend to do". (Appendix page A-239, last full ¶).

Accordingly, Shattuck et al. called Dr. Weigl as a witness under 35 U.S.C. § 24. How then can appellants state (Appellants' Brief p. 18) that the District Court "overruled" the Patent Office decision when Shattuck et al. merely did what the Patent Office said Shattuck et al. could do?

3. *The Prior Weigl Work Was Not Useless and Abandoned*

Appellants incorrectly state at the top of page 10 of their brief that "appellees already know that neither Dr. Weigl nor any of those persons working under his direction is a prior inventor" and that Weigl's work was "useless". How can that be so in view of the evidence of record herein (Appendix pages A-98, A-99)? More specifically the record shows that:

- 1) Dr. Weigl testified that xerographic images were made from Weigl's compositions and that they were legible. (Appendix page A-115).
- 2) In April, 1970, Mr. Mammino prepared and forwarded to the Xerox Patent Department an invention record on the subject of the count—to see if "it would have sufficient merit for proceeding with a patent application" by Xerox Corporation (Appendix pages A-207; A-208). Obviously, "useless" experiments are not written up as an invention record and forwarded to the Patent Department for consideration for filing patent applications.
- 3) A draft patent application was prepared and a revised application was also prepared. Obviously, the Xerox Patent Department considered the proposal made by Mammino and considered it to have sufficient merit to warrant the drafting of a patent application thereon. (Appendix pages A-116; A-119, Items 2 and 8).

Nowhere in Appellees' Brief is there any showing of how Hoegl et al. or Xerox might be damaged by the production of the allegedly privileged documents. The technical subject matter of these documents is old and known. No showing has been made by appellants that these documents contain any technical proprietary information at all. The only possible damage to appellants is that these documents might bolster or prove appellees' already strong *prima facie* case of fraud.

V. Conclusion

There is no basis whatsoever in the record or in Appellants' Brief to support any conclusion that the District Court, in the appealed order of May 7, 1974, abused its discretion in ordering the witness, Dr. John W. Weigl, to produce the three allegedly privileged documents and to testify with respect thereto. Accordingly, this Court should affirm Judge Burke's order on appeal herein.

Dated: September 11, 1974

Respectfully submitted,

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MAILED

APR 29 1974

Final Hearing
January 30, 1974

U.S. PATENT OFFICE

Paper No. 129
LHG/nsr

IN THE UNITED STATES PATENT OFFICE

BEFORE THE BOARD OF PATENT INTERFERENCE ~~PATENT~~ DIVISION

Patent Interference No. 97,271 APR 29 1974

Lund et al v. Bentley

JLB	4/30	JHG	
RR	4/29	WRS	
JO			

Preparation of Diamine and Dicsocyanate Compounds

Application of Richard B. Lund et al filed August 27, 1968
Ser. No. 772,886. Accorded benefit of Ser. No. 391,779
filed August , 1964.

Application of Floyd E. Bentley filed May 22, 1964, Ser. No.
369,581 now Patent No. 3,362,979, granted January 9,
1968. Accorded benefit of Ser. No. 243,648 filed
December 10, 1962.

Messrs. Plantamura and Harman for Lund et al. Oral
argument by Robert A. Harman.

Messrs. Jackson, Dreyer, Kirk, Brown and Bailey for
Bentley. Oral argument by Martin J. Brown.

Bailey, Gaston and Modance, Examiners of Interferences.

Gaston, Examiner of Interferences.

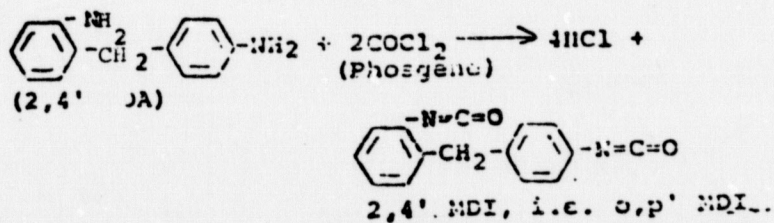
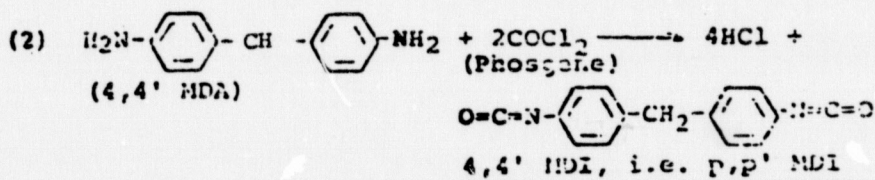
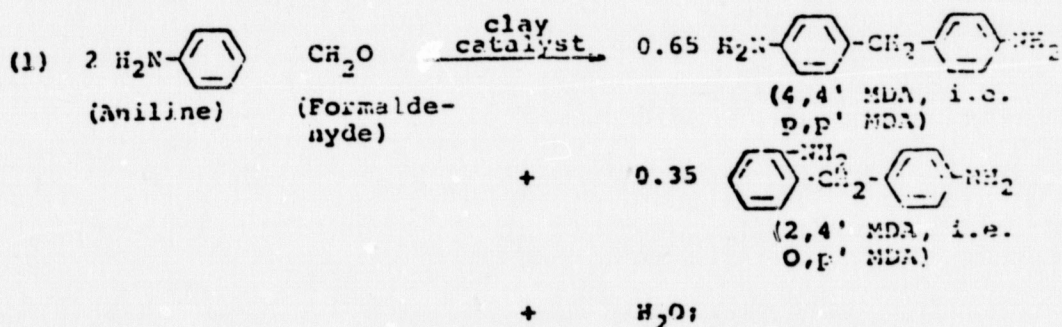
The issue of this interference is constituted by three counts relating to mixed isomers of a certain diisocyanate ("MDI") obtained by a conventional type of reaction from a mixture of known isomers of methylene dianiline ("MDA"). It was known in the prior art (Erickson U.S. Patent No. 2,818,433) to obtain a methylene dianiline product containing predominantly 4, 4' isomer and a little 2,4' isomer and its use for



4-29

making the corresponding 4,4' diisocyanate. In the invention in issue there is a relatively high proportion (at least 12%) of the 2,4' (or o,p') isomer versus 4,4' (p,p' isomer which is set forth in the counts.

The reactions involved can be represented as follows:



The three counts are phantom counts, being copied in modified form respectively from claims 1, 3 and 4 of senior party Bentley's U.S. Patent No. 3,362,979. See MPEP Sec. 1101.02.

In Count 1 the proportion of 2,4' MDI is 12 to 95% in a mixture with 4,4' MDI. In count 2 dependent on count 1, the

mixture of diisocyanates of count 1 contains 100% by weight of diisocyanates. Count 3, dependent on count 2, sets out a 12 to 95% 2,4' isomer content of the composition.

The party Bentley urges that an award of priority should be given Bentley because of the false and misleading conduct of persons acting on behalf of Lund et al.

On January 6, 1969 the party Lund et al filed in the U.S. Patent Office in its application S.N. 771,886 filed August 27, 1968, now in the present interference, an amendment under Rule 205 which included modified claims copied from The Bentley patent (B Exh. 11), and affidavits of the inventors Lund and Vitrone (B Exh. 12) and of Haggart (B Exh. 13). The Bentley patent U.S. 3,362,979 was stated to be a continuation-in-part of an application filed December 10, 1962. The amendment asserted that the affidavits were submitted under Rule 204(c) to establish a reduction to practice and corroboration thereof by Lund et al prior to the Bentley effective filing date of December 10, 1962.

THE ORDER TO SHOW CAUSE

The interference was declared on May 20, 1970 and at the same time the Examiner of Interferences issued an order to show cause, Paper No. 2 (B Exh. 14).

We have shown above the two reactions producing these mixed isocyanate isomers, first the reaction of aniline and formaldehyde in the presence of a clay catalyst to produce the mixed methylene dianiline (MDA) isomers and, second, the phosgenation reaction, in which the MDA mixture was

Int. No. 97,271

treated with phosgene to produce the mixed isomers of MDI, that is, methylene bis (phenylisocyanate).

The preparation of the MDI was the subject of the Lund and Vitrone affidavit, that of the inventors, and this work was not corroborated.

The phosgenation step, the second reaction, was carried out by Haggart who is not an inventor and this work thus is corroborated.

The order to show cause stated:

The Haggart affidavit only shows the phosgenation step. It fails to show how the mixture of methylenebis (aniline) compounds is prepared. From the Lund et al specification this appears to be a new composition of matter. The Lund and Vitrone affidavit cannot be relied on for this because the Lund and Vitrone work is not corroborated.

The order held:

...the affidavits submitted are inadequate to show an actual reduction to practice of a composition within the counts prior to Bentley's filing date.

The Response to the Order to Show Cause

In response, Lund et al submitted the affidavit of Walter W. Littell (B Exh. 17) in paragraph 4 of which he stated:

That he was aware that prior to December 10, 1962 that Richard Lund and John Vitrone were working with clay catalysts as substitutes for other acid catalysts; and that he witnessed John Vitrone carrying out an experiment whereby aniline and formaldehyde were reacted in the presence of a clay catalyst, the details of that experiment being as follows:

100 Grams of Filtrol No. 4 catalyst, an acid-activated bentonite type clay produced by the Filtrol Corporation comprising 71.2% by weight

Int. No. 97,271

of SiO_2 , 16.5% of Al_2O_3 , 3.6% of Fe_2O_3 , 3.2% of MgO , 2.6% of CaO , 1.3% of SO_3 , 1.0% of K_2O and Na_2O and 0.6% of TiO_2 , 250 ml. of benzene 1300 grams of aniline were refluxed to remove water and then 30 grams of paraformaldehyde were added. The reaction was violent and some of the mixture was lost. The reaction was continued at reflux for two hours when 5 mls of water had distilled off. The next day 30 grams of formaldehyde were added and 100 mls of benzene distilled off. 800 mls of water had distilled off after one hour and 18 mls after 2 hours. The pot temperature rose to $92-95^\circ\text{C}$. The catalyst was filtered off and the reaction mixture analyzed by vapor phase chromatography. The product contained 66% of the p,p'- isomer and 34% of the o,p'- isomer of methylenebis (aniline) and only a trace of the o,o'- isomer and polyalkylated material. The product had a melting point of $81-90^\circ\text{C}$.

The affidavit of Littell also contained paragraph

5:

5. That at the time the experiment described was performed, he was working in the same laboratory as John Vitrone; that John Vitrone noted the details and results of his experimental work contemporaneously in his notebook; that the details of the experimental work were disclosed to him by John Vitrone at the time the work was performed; that he is the same W.W. Littell who witnessed the notebook page describing the work described in paragraph 4; and that the work was performed prior to December 10, 1962.

On September 30, 1970 the Board of Patent Interferences held that the additional showing was sufficient for the interference to go forward saying:

The Littell affidavit is considered adequate to corroborate the preparation of the starting material mixture.

That the Littell affidavit corroborated the preparation of the methylene bisaniline intermediate was the sole basis for denying the party Bentley summary judgment and an award of priority.

During the testimony-in-chief of Lund et al, Bentley during the cross-examination of the alleged corroborating witness Littell inquired into the extent to which Littell

had personal knowledge of the experiment for making the mixed isomer methylene bisaniline intermediate described in paragraph 4 of his Rule 204(c) affidavit which has been set forth above. The Vitrone Laboratory record accompanying this affidavit had been offered in evidence as Lund et al Exhibit 10-42 during the testimony of Vitrone (L 112). Littell, who signed as a witness on the laboratory record, could not definitely state when he signed the exhibit since he applied or subscribed to the same date as that used by the experimenter, Vitrone, in this case, regardless of the date he, Littell, actually signed the page (L549,556).

As Bentley has stated, it is established interference practice that adequate preparation of a material can only be supplied by a non-inventor who has personal knowledge of the facts to which he takes oath, whether by affidavit or testimony. See Gortatowsky v. Anwar et al, 442 F.2d 970, 170 USPQ 41.

The following is Littell's testimony taken on cross-examination regarding the Vitrone experiment (L 557-560):

Q189 I would like to refer you to one of the official files, or a copy of one of the official files involved in this Interference and specifically to a paper entitled "Affidavit under Rule 204(c)" and I wish to point out page 2 near the bottom of this affidavit. Do you recognize the signature of yourself at that point?

A Yes, that's my signature.

Q190 And apparently this was signed on the 19th day of June, 1970. Is that correct? As shown here. Is that correct? The date that I read, is that the correct date, the 19th day of June, 1970?

A I assume it is.

Q191 Yes.

Would you read the fourth paragraph of that affidavit?

It's numbered paragraph 4 on page 1.

A Read --

Q192 Starting here, right after No. 4.

A That he was aware that prior to December 10, 1962, that Richard Lund and John Vitrone were working with clay catalysts as substitutes for other acid catalysts and that he witnessed John Vitrone carrying out an experiment whereby aniline and formaldehyde were reacted in the presence of a clay catalyst. The details of that experiment being as follows.

Q193 Thank you.

Now, on or about June 19, 1970, at the time this affidavit was executed, did you recall whether you had actually witnessed John Vitrone carrying out the experiment described in the next paragraph? And take your time to look at that, if you wish. And I might add that, I believe, is the experiment described on Lund et al Exhibit 10-42. You may wish to look at 10-42 to compare it, if you wish to.

It should be the same as that, I think.

A Which one? Is this the same as this?

Q194 Well, I would like for you to consider this if it is, and make your own conclusion. I don't want to tell you that it is.

When you signed this affidavit in 1970, in June, do you recall or did you recall that you had actually witnessed the performance of this experiment?

A Not the entire -- I knew in general what he was doing. But as for every detail of this experiment I couldn't -- I can't say that I remember every -- you know, every detail.

Q195 Well, do you recall actually watching him do the experiment?

A Not actually standing there watching. But I was around when he was doing the work. In other words, I did not stand and spend my time watching him work. But you are aware of what is, you know, going around, on around, and in general, but you don't recall all details.

Q196 Then are you saying that you did not know whether he weighed out 100 grams of Filtrol No. 4 catalysts?

A I couldn't say --

Q197 Or --

A I would not know the details.

Q198 Or similar values of --

A No.

Q199 Or specific operating conditions or things of that nature?

A No, not specific details.

Q200 Well, do you recall that you actually witnessed this particular experiment? In any regard.

A I'm not certain if it was this particular one, but I was aware of what he was doing in general.

Q201 You realized at the time you signed this affidavit that it was being taken under oath. Is that correct? In the usual manner when one appears before a Notary, as shown at the bottom of page 2?

A Was I aware?

Q202 Yes.

A Yes.

Soon after the Littell testimony was taken, the attorney for Lund et al, Birgit E. Morris, filed an affidavit in this interference (Paper No. 59) which is Bentley Exhibit 17, in paragraph 3 of which she stated:

3) The allegations set forth in that Littell affidavit, as drafted by me for his execution if found in order, and as executed by him under date of June 19, 1970, were based on the Vitrone record showing Littrell's signature and on my prior discussion with Littell as to his personal recollection that he occupied the same laboratory room as Vitrone at the time that the Vitrone notebook page (attached to the affidavit) is dated; and that he was generally aware of Vitrone's activities and had adequate opportunity to observe them closely enough to gain first-hand knowledge thereof. It was accordingly my belief at the time this Littell affidavit was filed in the Patent Office (on or about June 24, 1970) and up to the afternoon of December 3, 1971 that Littell had indeed at the time of the Littell experiment (April 12, 1962) had direct personal cognizance of Vitrone's said experiment and had at that time at least a general knowledge, from said Littrell's own observation, of the principal experimental details

of that particular experiment, as above outlined and as described in detail in that Vitrone notebook record which Littell had signed on or about April 12, 1962 in the space marked "Read and Understood By."

In paragraph 7 of this same affidavit Birgit E. Morris stated:

7) No reliance is now placed herein upon corroboration of Vitrone's April 12, 1962 experiment by Littell as of the time that experiment was performed;...

The party Bentley urged that the conduct set forth above, the Littell Rule 204(c) affidavit and the Littell testimony concerning it, to be false, misleading and inequitable conduct and asked this Board to render summary judgment against Lund et al. The Board of Patent Interferences in its decision (Paper No. 90) did not grant this motion saying:

It has not been shown that in his affidavit Littell intentionally misled this Board.

In this interference the party Bentley has taken as its record the testimony of the affiant Littell and the attorney representing Lund et al, Birgit E. Morris, both as hostile witnesses.

Birgit E. Morris testified that she was aware of the requirements of Rule 346 of the Rules of Practice in Patent Cases that the signature of an attorney on a paper submitted to the Patent Office constitutes a certificate that the paper has been read and to the best of his knowledge, information, and belief, there is good ground to support it (B 16, 17) and that the Patent Office Rules of Practice require that she have a good faith belief in the truth of each assertion of an affidavit prepared by her for the signature of another when such affidavit is to be submitted to the Patent Office (B 17).

Birgit E. Morris testified that she had discussions with Littell over the telephone in June of 1970 concerning the Littell experiment asserted to be recorded in Lund et al Exhibit 10-42, a copy having been attached to Bentley Exhibit 17 as Exhibit A (B 28,29; Littell testimony, B 65).

Birgit E. Morris testified (B 29,30):

Q133 Did you ask Mr. Littell whether he saw Mr. Vitrone perform this particular experiment which is described in detail in Bentley Exhibit No. 17?

A I do not recall. I do remember showing him the notebook.

Q134 At the time you prepared this affidavit, Bentley Exhibit No. 17, I take it that you had no factual basis for a belief that he actually watched Mr. Vitrone perform this particular experiment, is that correct?

A At the time I prepared the affidavit, I believed that all the facts set forth in paragraph 5 were true and that paragraph 5 summarized what he could remember about the data set forth in the notebook.

Q135 Did he make any factual statement to you that he remembered the facts set forth in paragraph 4 of the Littell affidavit?

A I do not recall asking him a question like that or having him reply.

It is clear from the above testimony that Littell did not say to Birgit E. Morris that he had observed Vitrone conducting this experiment of paragraph 4 of his affidavit and that Birgit E. Morris did not ask him if he had observed this experiment. She stated (B 31):

Q139 Might you have assumed that he had seen them?

A Yes.

Q140 Did you assume that he had seen them?

A Yes.

Thus Birgit Morris prepared the affidavit based on this assumption. She testified (B 32):

Q148 Up until that time did you believe that Littell had actually seen the performance by Vitrone of the experiment described in the Littell affidavit so intimately that Littell could corroborate the details of the Vitrone work as recited in the Littell affidavit?

A Well, if by "details" you mean whether he could remember that John Vitrone weighed out 100 grams of Filtrol No. 4, I'm sure he did not have a present recollection of that kind of detail, but that he did recall John Vitrone working on the experiment, yes.

Thus Birgit E. Morris was sure that Littell had not recalled the details of the experiment as set forth in paragraph 4 of his affidavit. She stated that Littell never indicated to her that he saw the mixed isomer methylene bisaniline product described in paragraph 4 of the Littell affidavit, as follows (B 43, 44):

Q192 Now, paragraph 4 of the Littell affidavit, Bentley Exhibit No. 17, describes a methylenebisaniiline product near the bottom of the paragraph and describes this as being the product of that particular experiment.

Did Mr. Littell indicate to you that he saw that product?

A No.

Q193 From your knowledge and experience with Allied Chemical Corporation's analytical procedure, would you have known or had reason to know that he did not analyze the product?

A You are talking now about Vitrone?

Q194 No, I am talking about Littell, the affiant.

Q195 So he would have no direct knowledge of the product in the terms of its isomer distribution?

A No, not firsthand, no, only what he had read in the notebook.

Q196 Was it your intention to convey to the Board of Patent Interferences that Littell was in any way identifying the product obtained from this specific experiment?

A No.

Int. No. 97,271

Q197 Don't you believe that when they read this that he was testifying that the product and swearing that the product had this stated analysis?

A No.

I can't imagine that anyone would read this whole affidavit and not realize that Littell would not be verifying what was on the notebook page in that regard.

Q198 So he was simply saying, "This is what was on the notebook page at the time I witnessed the page," is that what you are saying?

A As far as the g.c. analysis.

Q199 And by the g.c. analysis you are referring to the analysis of the product, is that right?

A Analysis of the product, yes.

Q200 When you prepare an affidavit, do you feel any duty to state what part of the affidavit the affiant has no personal knowledge of?

A When I prepared this affidavit, I undoubtedly followed a format that had already been employed by another more senior attorney.

Q201 You are speaking of a format. You mean a previously prepared affidavit in another matter by one of the attorneys of Allied Chemical?

A Yes.

Q202 Their patent department?

A Yes.

Q203 And so with regard to the product, you would have known from your own experience that Littell didn't have direct knowledge as to that product?

A In the sense he had not performed the analysis, that's true.

Q204 Or seen the product, necessarily?

A He may or may not have seen the product. He probably did.

It is thus apparent that the Birgit E. Morris interpretation is contrary to the purpose for which the affidavit was submitted, to corroborate by Littell the preparation of the mixed isomer methylene bisaniline that was allegedly employed by Haggart to make the product of the counts.

The Littell affidavit did not state what was really the true nature of Littell's knowledge of the product. As has been pointed out above, the attorney knew that the affiant had no personal knowledge of the composition of the product. Birgit E. Morris testified (B 50):

Q231 You are describing the generalities of the situation and not confining your answer to my question, that is, regarding paragraph 4.

A I think I have answered your question, that paragraph 4, the details of the experiment in paragraph 4, were written up directly from the notebook record and not from his present recollection or his recollection in June of 1970 of the work that was done in 1962.

There is nothing in the Littell affidavit which states that Littell was expressing anything other than Littell's personal knowledge. Thus Birgit E. Morris testified (B 55):

Q247 Can you find any statement in the Littell affidavit to the effect that he did not have personal knowledge of the experiment and the product as they are described in paragraph 4 of the Littell affidavit?

A I think you have asked the question the wrong way around.

Q248 Well, I'm asking the questions, and I don't see anything wrong with that particular question. I'm asking whether you find any statement in the Littell affidavit that would give anyone an understanding that in paragraph 4 Littell was expressing anything other than his personal knowledge.

A If you mean a positive statement to the effect that, "Well, I don't remember exactly what he did, but this is what is in the notebook," no.

Furthermore, Birgit E. Morris filed an affidavit in the U.S. Patent Office on December 8, 1971 (B Exh. 17), paragraph 3 of which has been reproduced above, in which she stated that up until December 3, 1971, when she heard Littell's cross-examination, she believed that Littell had "direct personal cognizance" of the Vitrone experiment in question. On the basis of the Birgit E. Morris testimony set forth above, it must be recognized that she had no basis for such a belief at the time that the Littell affidavit was formulated. She never asked Littell any questions to this effect. He did not tell her that he had personal knowledge of the experiment as it is described in paragraph 4 of his affidavit. She also testified that she knew that Littell did not have personal knowledge of the composition of the mixed isomer methylenebis aniline and its preparation as set forth in paragraph 4 of the Littell affidavit.

As the Court stated in Norton v. Curtis, 57 CCPA 1384, 1403, 433 F.2d 779, 167 USPQ 532:

Not unlike those appearing before other administrative agencies, applicants before the Patent Office are being held to a relationship of confidence and trust to that agency.

and, further:

The highest standards of honesty and candor on the part of applicants in presenting such facts to the Office are thus necessary elements in a working patent system.

The Lund et al response to this testimony appears to be now that paragraph 4 of the Littell affidavit should be in effect given little weight, that the part of the affidavit that should be considered is paragraph 5 and that a statement made by the party Bentley in a paper (said to be

Int. No. 97,271

Bentley's oral presentation to this Board) accompanying a petition to the Commissioner under Rule 181(a)(3), Paper No. 15, dated November 25, 1970 was correct:

It is absolutely clear that the corroborator's statement is not based on his own personal observations of any process or product analysis but that his testimony is based solely on conversations with the inventor or other hearsay and on reports in the inventors notebook.

Bentley asks how this Board could have been misled when Bentley's attorney was not?

In the first place, we do not find that Lund et al endorsed before this Board the above quoted statement of Bentley upon which Lund et al now rely, Lund et al having asked in Paper No. 20, page 6, that it be stricken "as it can have no evidentiary value."

Whatever may have been said by the party Bentley previously in this interference, the situation now is that this Board has the testimony of Littell and Birgit E. Morris that Littell did not observe the experiment with the details thereof which are described in paragraph 4 of the Littell affidavit on which this Board relied in permitting this interference to go forward.

The order to show cause was based on the lack of corroboration of the work of Lund and Vitrone described in their affidavit as to making the mixture of methylenebis (aniline) compounds required to make the products of the counts. In Paper No. 11 in permitting the interference to go forward this Board accepted the statements in paragraph 4 of the Littell affidavit "to corroborate the preparation

Int. No. 97,271

of the starting material mixture". Paragraph 5 of the affidavit makes no mention of the starting material mixture which is required to produce the compounds of the counts.

The testimony of Littell taken on cross-examination during the Lund et al testimony-in-chief has been reproduced above. Littell gave further testimony when subpoenaed by Bentley. Littell has a Bachelor of Science degree from Yale University and a Master's degree from Harvard University (L 528) which should make him appreciate and be responsible for his own actions. He understood that his affidavit was to be filed in the present interference as evidence of the truth of the statements therein (B 65).

Yet he testified (B 72):

Q68 What is your factual basis for saying that on that basis you knew he was working with a clay catalyst, that you watched this particular experiment?

A I assumed that this was the only experiment he did using clay catalysts.

Q 69 Did you have any knowledge whether that in fact was the case?

A No, not that I remember.

Thus Littell assumed that he had seen Vitrone perform the experiment and admitted that he had no basis for knowing that he saw the experiment of paragraph 4 in his affidavit. He also stated that the fact that he witnessed the page of Vitrone's notebook would not indicate that he saw the work performed (B 75, 76).

Littell testified (B 79, 80) as follows:

I was simply trying to convey that I was a witness to the experiment on the basis that I was in the room, aware of what was going on in general and I could not help but witness experiments going on, and secondly on the basis that I remember discussing with him the catalyst, or an experiment.

However, in spite of these general views of Littell, paragraph 4 was included in the Littell affidavit such as to be interpreted as Littell's personal knowledge. It was necessary that the affidavit corroborate the isomer distribution of the methylene bisaniline product obtained and its preparation. Littell admitted he did not analyze the product and the attorney Birgit E. Morris knew he did not analyze the product and Littell's only knowledge of the product was his reading of the statement on the attachment to the affidavit (B 76).

The affiant and his attorney did not state the facts as they actually existed, that is that at best the affiant had only general knowledge of the inventor's activities but instead drafted an affidavit in such a manner that it leads to the conclusion that the affiant had intimate knowledge of the inventor's experiment.

- We consider that the elements of fraud existed here in

(1) misrepresentation of material fact - that there was corroboration by Littell of Vitrone's asserted making of the mixture of isomers of methylenebis (aniline).

(2) the falsity of that representation - that Littell in fact did not corroborate Vitrone's experiment.

(3) there was a state of mind reckless of the consequences such as to be the equivalent of intent - Birgit E. Morris merely followed the format of another attorney in the Littell affidavit although Birgit E. Morris and Littell both knew that Littell did not of his own personal knowledge know the details of paragraph 4 of the Littell affidavit. Littell signed this affidavit and Birgit E. Morris submitted it in this interference, testifying that she merely followed the format of another attorney in drawing up the Littell affidavit.

(4) a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon in that this Board permitted this interference to go forward on the basis of the Littell Rule 204(c) affidavit.

(5) Thus the interference was permitted to go forward when, without the submission of the Littell affidavit, the interference would have terminated in a summary judgment against Lund et al. See Norton v. Curtis, 57 CCPA 1384, 1402, 433 F.2d 779, 167 USPQ 532.

For all these reasons, we hold that the Littell affidavit is false and misleading. It is a material part of this interference in the Rule 204(c) proceedings.

It is therefore unnecessary to take up the other issues in this interference.

Accordingly, because of this false and misleading conduct on the part of the party Bund et al in this interference, priority of invention is awarded to Floyd E. Bentley, the senior party.

Rule 56 states ". . . any application . . . in connection with which any fraud is practiced or attempted on the Patent Office, may be stricken from the files." In accordance with Rule 259, concurrently with this decision, the attention of the Commissioner is being directed to the Littell affidavit and the testimony concerning that affidavit as we have considered it in our decision for action under Rule 56.

James S. Bailey
James S. Bailey
Examiner of Interferences

L. H. Gaston
L. H. Gaston
Examiner of Interferences

Walter A. Modance
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Examiner of Interferences

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September 11, 1974

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BY HAND

Honorable A. Daniel Fusaro
Clerk
United States Court of Appeals
for the Second Circuit
United States Courthouse
Foley Square
New York, New York 10007

Re: Shattuck et al. v. Hoegl et al.
Appeal No. 74-1767

Dear Mr. Fusaro:

I enclose twenty-five copies of Shattuck et al.'s
Brief For Appellee. Service of this brief has been made on
counsel for Hoegl et al. by hand delivery this date.

Very truly yours,


Sidney R. Bresnick

Enc.

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BRUMBAUGH, GRAVES, DONOHUE & RAYMOND

ATTORNEYS FOR Appellants

BY

W. P. Rector

